

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
AID-05 EB-08 TRSE-00 COME-00 LAB-04 SIL-01 /075 W
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O R 121330Z DEC 77
FM AMCONSUL SAO PAULO
TO USINFO WASHDC IMMEDIATE
INFO SECSTATE WASHDC 8163
AMEMBASSY BRASILIA
VOA MIAMI

UNCLAS SECTION 1 OF 2 SAO PAULO 3140

ATTN: IOP, M, IPS, IBS, ILA
STATE FOR ARA/PAF

E.O. 11652: N/A

SUBJECT: MEDIA REACTION REPORT

A. BERGSTEN VISIT

1. O ESTADO DE SAO PAULO, DEC. 10 EDITORIAL, SUGGESTS THAT,
CONTRARY TO MR. BERGSTEN'S SUGGESTIONS, BRAZIL'S MOST
ADVANTAGEOUS COURSE IS TO REMAIN A LEADER OF THE UNDERDEVELOPED
NATIONS RATHER THAN ATTEMPT TO TAKE ITS PLACE AMONG "THE RICH"
IN THE WORLD ECONOMY. PARTIAL TEXT OF EDITORIAL: "...IT WOULD
BE IMPRUDENT TO ALLOW BRAZIL, AT THIS MOMENT, TO ABANDON ITS
JUSTIFICATION FOR DEFENDING PREFERENTIAL TREATMENT FOR ITSELF
AND FOR OTHER UNDERDEVELOPED COUNTRIES... IT IS NOT A CASE
OF ASKING FOR FAVORS. THE DEVELOPED NATIONS DO NOT HESITATE
TO SPEAK ABOUT THE RIGHTS OF THEIR WORKERS AND THEIR ECONOMIES...
WHY CAN'T THE UNDERDEVELOPED COUNTRIES SPEAK OF THEIR RIGHTS,
WHICH ARE AS SACRED AS (THOSE OF) ANY OTHERS? THE USG
AS WELL AS GOVERNMENTS OF OTHER RICH COUNTRIES, HAS NEVER
HESITATED TO INDUCE THE OTHERS TO RECOGNIZE ITS INTERESTS
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SOMETIMES BY THE SIMPLE CREATION OF THE FACTO SITUATIONS.
IN PRACTICE, PROBLEMS HAVE BEEN SOLVED BY POWER. THE AMERICANS
INTERFERE OR NOT IN THE EXCHANGE MARKETS IN DEFENSE OF THE
DOLLAR WHENEVER THEY FIND IT CONVENIENT... AND THEY ARE
STRONG ENOUGH TO RESIST PRESSURES. ALL THE UNDERDEVELOPED
COUNTRIES ARE SEEKING IS THE ESTABLISHMENT OF RULES
WHICH WILL FORMALLY CONSECRATE THEIR RIGHT TO PROSPERITY.

WHY SHOULD BRAZIL ABANDON ITS POLICY -- THE ONLY ONE
CAPABLE OF GIVING IT SECURITY -- TO ASSUME A TRULY ISOLATED POSITION
WITHOUT THE SUPPORT OF THE UNDERDEVELOPED AND WITHOUT THE
GUARANTY THAT IT WOULD BE ABLE, IN FACT, TO PARTICIPATE
IN THE ' ADMINISTRATION OF THE WORLD ECONOMIC SYSTEM -- A
ROLE WHICH THE RICH, BY SIMPLE POWER, HAVE DECIDED BELONGS TO THEM?"

2. SUNDAY' S O ESTADO (DEC.11) ECONOMIC SECTION CARRIES
UNSIGNED COMMENTARY SAYS BERGSTEN VISIT WAS "THE MOST IMPORTANT
ECONOMIC EVENT OF THE WEEK" AND COMMENTS:"SUCH VISIT IS
INTIMATELY LINKED WITH THE FUTURE OF BRAZIL'S ECONOMY...
GOB OFFICIALS TRIED TO GIVE IT ROUTINE TREATMENT, BUT HE DID NOT
COOPERATE... HE MADE IT CLEAR THAT THE U.S. DOES NOT ACCEPT
THE BRAZILIAN SYSTEM OF FISCAL INCENTIVES TO EXPORTS AND
OFFERED A FORMULA FOR UNDERSTANDING... BY WHICH BRAZIL WOULD
SUPPORT THE U.S. IN THE GATT... THUS INEVITABLY MOVING
AWAY, FROM THE THIRD WORLD.THE IMPORTANCE OF THE PROBLEM
CANNOT BE UNDERESTIMATED, BECAUSE A REDUCTION OF FISCAL
INCENTIVES TO EXPORTS OF MANUFACTURED GOODS WILL FORCE
(GOB) TO SEEK A SOLUTION THAT, WHATEVER IT MAY BE, WILL BE
PAINFUL TO THE BRAZILIAN ECONOMY."

3. FOLHA DE SAO PAULO (DEC. 11) LEADING EDITORIAL COMMENTARY
"THE CLOSED CIRCLE OF PRESSURES" BY BRASILIA BUREAU WRITER
FROTA NETO SAYS:"... BERGSTEN ARGUED INTENSIVELY
EXPRESSED CLEAR INTENTIONS OF PRESSURE AND MADE VEILED
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THREATS (TO FORCE) BRAZIL TO REDUCE ITS EXPORT SUBSIDIES
AND, FUNDAMENTALLY, FREE ITS IMPORTS. BRAZIL, HOWEVER,
DID NOT BOW, ABOVE ALL BECAUSE IT COULDN'T, EVEN IT
WOULD WANT TO ... NO OTHER (USG) MISSION IN THE PAST
SIX MONTHS WAS OF ITSELF SO OBVIOUS AS BERGSTEN'S. HE
PARTIALLY CLOSED THE CIRCLE OF PRESSURES OF THE
INDUSTRIALIZED COUNTRIES AGAINST BRAZIL'S INTERNATIONAL
TRADE POLICY... AS ITS TRADE BALANCE WITH THE
INDUSTRIALIZED COUNTRIES BECOMES DIFFICULT AND INCONVENIENT
THE U.S. DIRECTS ITS PRESSURE AGAINST GREAT IMPORTERS
SUCH AS BRAZIL, WHICH ... HAVE BEEN FORCED TO CLOSELY
CONTROL THEIR ECONOMIES INHIBITED AND THEIR RATE OF
GROWTH...THE ALLEGATIONS OF PROTECTIONISM... AND AGAINST
INCENTIVES AND EXPORT SUBSIDIES CLASH WITH OUR REALITY.
ALTHOUGH HAVING IMPROVED ITS PROFILE OF EXPORTS OF
MANUFACTURED GOODS, BRAZIL IS STILL HIGHLY DEPENDENT ON
ITS PRIMARY PRODUCTS IN ITS BALANCE OF TRADE
AS LONG AS, INTERNALLY, IT CANNOT YET KNOW THE EXACT
DIMENSION OF THE RESULTS OF ITS IMPORT SUBSTITUTION PROGRAM...
THE PROPOSALS PRESENTED BY BERGSTEN DEMAND A COMMITMENT
TO THE REACTIVATION OF MULTILATERAL INTERNATIONAL COMMERCE,
WHICH IMPLIES REACTUIVATING OUR INTERNAL MARKET AND,

THEREFORE, IN DEALING WITH THE PROBLEM OF DISTRIBUTION OF INCOME. IT IS IMPORTANT, THEREFORE, THAT GOB SECTORS INCLUDING THE PLANNING SECRETARIAT OF THE PRESIDENT'S OFFICE, BE SENSITIVE TO THE NEED FOR AN OPENING OF ECONOMIC MODEL AND TO INCOME REDISTRIBUTION AS A SOLUTION TO THE IMPASSE. THIS PRESUPPOSITION, BY COINCIDENCE OR NOT, FITS NICELY WITH WHAT IS BEHIND BERGSTEN'S MESSAGE."

4. LEADING AFTERNOON DAILY JORNAL DA TARDE (DEC. 12) EDITORIAL POINTS OUT THAT BERGSTEN MISSION CONFIRMED THAT "MAINTENANCE OF BRAZIL'S GROWTH RATE" IS A MAJOR FACTOR "IN KEEPING THE CONFIDENCE AND GOOD DISPOSITION OF FOREIGN INVESTORS TOWARDS THIS COUNTRY". EDITORIAL WRITTEN BY MARCO ANTONIO ROCHA, WHO PARTICIPATED IN BERGSTEN PRESS UNCLASSIFIED

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CONFERENCE IN SAO PAULO, SAYS:"... THAT QUALIFIED REPRESENTATIVE OF THE USG SAID HIS PROCLAIMED 'OPTIMISM' RE THE BRAZILIAN ECONOMIC SITUATION WAS THE RESULT OF AN OBJECTIVE ANALYSIS MADE BY HIS TEAM - WHICH SHOWED, AMONG OTHER THINGS, THAT BRAZIL WAS ONE OF THE VERY FEW COUNTRIES IN THE WORLD THAT MAINTAINED POSITIVE RATES OF ECONOMIC EXPANSION DURING THE RECENT RECESSION CYCLE, THUS COLLABORATING WITH THE U.S. TO PREVENT THE WORST..." EDITORIAL EXPRESSES CONCERN WITH "SIGNS THAT THE GROWTH PACE MAY SLOW MORE THAN WE ARE IMAGINING AND ARE PREPARED TO ADMIT" AND CONCLUDES: " IN SUM, THE DECELERATION IS TAKING ON ANNOYING ASPECTS... AND MAY BRING UNDESIRABLE DISTURBANCE ON THE DOMESTIC FRONT AND INTOLERABLE UNREST AMONG OUR EXTERNAL PARTNERS".

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AID-05 TRSE-00 COME-00 EB-08 LAB-04 SIL-01 HA-05
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FM AMCONSUL SAO PAULO
TO USINFO WASHDC IMMEDIATE
INFO SECSTATE WASHDC 8164
AMEMBASSY BRASILIA
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UNCLAS SECTION 2 OF 2 SAO PAULO 3140

B. DIARIO DE SAO PAULO(DEC. 11) EDITORIAL "PROTECTIONIST THREATS" RE GEORGE MEANY SPEECH AT AFL-CIO CONVENTION SAYS: "THE REASONS INVOKED ARE MISLEADING. APPARENTLY, THE PURPOSE WOULD BE TO DEFEND THE AMERICAN WORKER'S JOB AGAINST THREATS (POSED BY IMPORTS) THE TRUTH, HOWEVER, IS THAT THE AMERICAN CONSUMER IS MORE THAN ANYTHING ELSE INTERESTED IN BUYING PRODUCTS, EVEN IMPORTED, THAT DO NOT BURDEN HIS HOME BUDGET... BY DEFENDING NG NOT THE WORKERS BUT, IN FACT, CERTAIN RETROGRADE SECTORS OF THE U.S. INDUSTRY THAT FEAR COMPETITION, MEANY SKILLFULLY DISTORTED THE ISSUE. HE PAINTED A GLOOMY, "GUERRILLA TYPE" PICTURE OF INTERNATIONAL TRADE, IN WHICH THE U.S. WOULD BE AMBUSHED. AND MEANY BUILDS HIMSELF UP AS AN ADVOCATE OF A POLICY OF REPRISALS ON PART OF THE U.S. TO PROTECT ITS ECONOMY..."

C. FOLHA DE SAO PAULO N.Y. CORRESPONDENT PAULO FRANCIS COMMENTED DEC. 10 RE HUMAN RIGHTS DAY: ... "THE STATE DEPT. HAS MUCH MORE INFORMATION THAN I. IT IS DIFFICULT HOWEVER, TO TRUST IT, DESPITE SOME ENCOURAGING MEASURES LIKE THE 'POSTPONEMENT' T OF LOANS TO PINOCHET AND VIDELA. AFTER ALL WHILE CARTER RECEIVED IRAN'S SHAH, SEVENTY-THREE WERE UNCLASSIFIED

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EXECUTED IN TEHERAN... I CALLED JODY POWELL TODAY ASKING IF HE HAD READ ABOUT THE STUDENTS EXECUTION. HE HAD. I ASKED IF CARTER WILL STILL INCLUDE IRAN IN HIS WORLDWIDE TRIP TO BEGIN DEC. 29. THERE WERE NO CHANGES IN THE ITINERARY TILL NOW, JODY ANSWERED. PRECISELY."

D. FOLHA DE SAO PAULO CORRESPONDENT PAULO FRANCIS COMMENTS DEC. 11 UNDER TITLE "THE U.S. AND THE WORLD IN 1977": ... "HIS (JIMMY CARTER'S) FAILURE SURPASSED EVEN THE MOST PESSIMISTIC EXPECTATIONS. THE LEADER'S LACK OF PREPARATION IS AMAZING... CARTER WAS ELECTED THANKS TO THE RIFFRAFF, PARTICULARLY FROM THE BIG CITIES, WHOSE URBAN DETERIORATION AND ECONOMIC EROSION ARE PERHAPS THE MOST SERIOUS PROBLEM THE U.S. FACES INTERNALLY. HE PROMISED JOBS AND URBAN RENEWAL, AND CONTINUES TO PROMISE. THIS IS THE DOMESTIC SITUATION. AND HOW ABOUT FOREIGN RELATIONS?... HE ORGANIZED THE 'DICTATORS PARTY' ON SEPT. 7, IN AN ATTEMPT TO IMPRESS THE PEOPLE. THEN HE WAS ASHAMED TO APPEAR WITH THEM ON TV AND HID HIMSELF AS MUCH AS

POSSIBLE... HIS HUMAN RIGHTS POLICY HAS SOME EFFECT, FROM
A PR STANDPOINT, AND IT SAVES SOME LIVES (BUT ALSO BECAUSE
THE U.S. HAS DECIDED TO GRANT POLITICAL ASYLUM TO POLITICAL
EXILES). BUT ONE THING IS CERTAIN: THE U.S. WILL NOT
IMPOSE SANCTIONS ON COUNTRIES IN WHICH IT HAS DEEP
STRATEGIC INTERESTS... WRITING FOR A BRAZILIAN NEWSPAPER,
I HAVE TO GIVE GREATER EMPHASIS TO FOREIGN POLICY. BUT,
I BELIEVE THAT THE TRUE PROBLEMS OF THIS COUNTRY (U.S.)
ARE DOMESTIC AND THAT ITS POLITICAL AND GOVERNMENTAL
CLASS ARE NOT READY TO GIVE AN INCH OF ITS PRIVILEGE IN
ORDER TO SOLVE THEM. THE U.S. HAD A FANTASTIC BUT SHORT
IMPERIAL CAREER FROM 1945 TO 1975. NOW IT IS FORCED TO
RETREAT, TO NEGOTIATE, TO CEDE. THIS IDEA HAS NOT EVEN
SLIGHTLY PENETRATED THE PEOPLE'S CONSCIOUSNESS. AND THE GROUPS
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WHICH MOST PROFITED FROM THESE THREE DECADES CONTINUE
AS AMBITIOUS, RESENTFUL AND INTOLERANT AS IN 1945, BELIEVING
THAT THE WORLD IS AN AMERICAN OYSTER... FROM LARGEST OIL
EXPORTER TO LARGEST OIL IMPORTER, THERE IS NO DEARER EVIDENCE
(OF THE PROBLEM) . BUT THE SADDEST BLIND MAN IS THE ONE WHO
DOES NOT WANT TO SEE".
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